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MEMORANDUM

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NATIONAL SECURITY COUNCIL

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May 23, 1975

MEMORANDUM FOR: SECRETARY KISSINGER

FROM: R. H. SOLOMON *RES (unwas)*
C. E. GRANGER *CSO (unwas)*
J. A. FROEBE *DF*

SUBJECT: Taiwan NSSM: U. S. Force Reductions
on Taiwan and Future U. S. Military
Assistance

The bureaucracy has now produced papers on the U. S. military presence in Taiwan and options on various levels of future American military assistance to the Republic of China (Tabs B and C). These papers were prepared in response to NSSM 212.

As you may recall, you reviewed earlier versions of these papers in preparation for your visit to Peking last November. We now need to consider the new papers, the results of your visit, and intervening developments in order to present recommendations to the President. A memorandum for the President and a draft NSDM are attached at Tab I.

The President's decisions on these matters need to reflect -- and will to some degree help determine -- our general course on normalization of relations with the PRC. They also need to reflect the new situation in Asia after the fall of Indochina and the type of policies we wish to pursue in the area.

Issues

There are three principal issues on which decisions are needed:

-- At what rate should we reduce our non-intelligence military presence on Taiwan, and by what date should we complete such withdrawals? (We are dealing with our military intelligence presence in a separate study.)

-- What amount and type of military aid should we give the Republic of China in the future?

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-- In connection with the latter, we will need some specific decisions on certain items.

NON-INTELLIGENCE MILITARY FORCE REDUCTIONS

As you will recall, you told the Chinese during your Peking visit last November (a) that we would reduce the U. S. military force level by 50 percent from July 1975 to July 1976, and (b) that we would complete the withdrawal of all U. S. military forces from Taiwan by the end of 1977. We must now determine the pace and composition of our force withdrawals within those time frames (unless you have new guidelines in mind as a result of more recent developments).

Our total military force spaces now number about 3,000. The number actually present on Taiwan is somewhat less; it squares with the figure of 2,800 you gave the Chinese in Peking. About 2,300 spaces are for non-intelligence personnel, which perform the following two principal military functions:

- Toward Taiwan: Joint planning (in the Taiwan Defense Command -- TDC -- which is our contingency command and is headed by a three-star admiral); training and advisory (in the Military Assistance Advisory Group -- MAAG -- which is headed by a two-star Air Force general).
- Toward Asia as a whole: Communications (in the U. S. Army Communications Command -- USACC), war reserve materiel storage, and aircraft maintenance.

Options for Further Reductions

The DOD study describes three alternative levels for reductions in our non-intelligence military force spaces by the end of FY 76:

-- Option 1: A 34 percent reduction (785 personnel), which would reduce the non-intelligence total to about 1,500 men. This would involve disestablishment of the 327th Air Division, which formerly controlled our combat air units on Taiwan and now coordinates air defense with the ROC Air Force and undertakes air defense contingency planning. It has 380 men assigned, and is headed by a one-star Air Force officer. Its residual functions could be performed

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by perhaps 20 to 30 men, who would be inserted into TDC. Other increments would involve a partial substitution of contractor personnel at war reserve materiel (WRM) storage sites, and a reduction of communications personnel. This option would not degrade our present capabilities, and would not involve any major unprogrammed costs.

-- Option 2: A 50 percent reduction (1,121 personnel), leaving a non-intelligence total of about 1,150 men. In addition to the reductions described in Option 1, the most important aspect of this reduction would be in our regional communications facility (USACC). It would have its functions either reduced or partially assumed by contractor personnel at an increased cost of \$2.3 million annually. Other reductions would involve only support personnel.

-- Option 3: A 100 percent reduction of non-intelligence military personnel. This would involve disestablishing TDC or moving it off-island, eliminating MAAG (and transferring its functions to the DAO) and finding some substitute for USACC to perform regional communications. Possible substitutes for USACC could be a U.S. military satellite (which would not be as efficient until 1978, and which would cost about \$1 million the first year and \$.5 million each year after), leasing the needed 30 circuits from INTELSAT (which circuits, if available, would cost \$3.6 million more annually), or a submarine cable from Okinawa to the Philippines (which would take 18-24 months to lay, would require the retention of a cable head on northern Taiwan, and would cost about \$16 million). Locally, the elimination of USACC would, according to DOD, require a contractor-operated communications facility to service our SIGINT needs at \$4.8 million annually. Such a full cutback would also, according to DOD, require removal of the WRM to the U.S. at a cost of \$2.7 million in transportation and an additional annual storage cost of \$.8 million, and would entail "great cost and degradation" to the current regional aircraft maintenance capabilities now available at the Taiwan maintenance facility.

Agency Views

-- DOD prefers Option 1, but says that it could also live with Option 2.

-- State prefers Option 2. Further, State recommends that DOD study more particularly the removal of the forces and major

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facilities that will remain after those included in Option 2 would be removed.

Our Views

We support Option 2. This reduction in non-intelligence military personnel, coupled with a substantial reduction in military intelligence personnel (which is the subject of the current follow-on study), will bring the total U.S. military personnel on Taiwan down to about 1,800 spaces, of which 1,100 are non-intelligence military personnel. This figure is consistent with the estimate you gave the PRC last November.

As regards the much more difficult follow-on problem of phasing out the last 1,100 non-intelligence military personnel:

-- On the Taiwan-oriented portion: TDC and MAAG should be the last units to leave Taiwan. Their size -- 83 in TDC and 50 in MAAG -- is already sufficiently small that further reduction in the interim is not necessary. We should decide later whether to merge the two units for a time, and then whether to transfer their functions to the DAO or off-island.

-- On the regionally-oriented portion: DOD should be asked to study much more seriously whether alternative sites in the Western Pacific can be used for WRM and aircraft maintenance, rather than removing these functions all the way to the continental United States. DOD should also staff out further the alternatives for removing our regional communications capability from Taiwan. Of course, while these studies are conducted, and because of the lead time before any substitute arrangements can be made, we must recognize that any decision to accelerate our withdrawals could founder on technical grounds. In addition, DOD should be instructed that it should not plan, as it is proposed, to relocate to Taiwan the WRM that it might have to remove from Thailand.

FUTURE U.S. MILITARY ASSISTANCE TO TAIWAN

At Tab C is the inter-agency response to the military assistance portion of NSSM 212. The paper places the question of U.S. military assistance to the Republic of China in its broad political-security context. It lays out a range of four options for alternative compositions and levels of future U.S. military assistance.

Political-Security Context

Our decisions on aid must be taken within the framework of a complicated political-security context:

-- The Dilemma in U. S. -China Policy as Applied to Military Assistance. If we significantly increase U. S. arms supplies to Taiwan, we would not only disturb Peking but would also mislead Taipei as to our intent toward further normalization of relations with the PRC. We might also encourage ROC inflexibility on the question. On the other hand, if we reduce our arms supply to Taiwan severely, we are very likely to induce a rapid deterioration of ROC military capabilities. Such a move could also undermine confidence, threaten the present leadership's control, generate repression of popular unrest, and could lead the ROC in desperation to change Taiwan's international status or to involve others in the island's fate. The leadership might also intensify efforts to acquire nuclear weapons. Such developments would not serve our interests, or those of Peking, Taipei or Tokyo.

-- Third-Country Supply Potential. With a few exceptions, third countries will probably not constitute a reliable source of major weapons for the ROC. The exceptions could likely include Israel, with its surface-to-surface missiles, and possibly Italy and South Africa, who could become indirect conduits for missiles (but not aircraft). The ROC can, of course, easily buy light arms on the international market.

-- Asia after Vietnam. From our standpoint, we also need to regard our aid to Taiwan in the context of our general Asian policy after Vietnam. We can no longer completely isolate developments in our relations with one country in the region from their impact on others or from their domestic political impact. This would mean that we cannot and should not try to reverse the present trends toward normalization by massive arms deliveries to the ROC, but neither can we appear as a distinctly unreliable sustainer of Taiwan's defense capability.

-- Major Deficiencies in ROC Defenses. The ROC suffers from some potentially serious defense weaknesses, which are:

• Air Defense. The complete production of the 100 F-5E aircraft, which will be co-produced in the next few years, will still leave the ROC with a need to replace about 100 older aircraft (F-104's and F-100's) in the early 1980s. Depending on PRC capabilities, the ROC may want a follow-on aircraft, such as the F-16 or F-17 for the 1980s. ROC ground support of this air defense also needs improvements in areas such as command and control equipment, an aircraft shelter program, and improved surface-to-air missiles.

• Defense Against Naval-Amphibious Attack. The ROC Navy, possibly the weakest link in the island's defense, has the most immediate need for improvement. Its ships are greatly outnumbered by PRC capability, and are vulnerable and inferior, particularly against Peking's high speed patrol boats carrying Styx missiles. (This has stimulated the ROC request for the Harpoon missile system.) The Navy's poor communications equipment hampers its coordination with the Air Force, which itself lacks a capability against surface ships.

-- Legal Impact of any U. S. Derecognition of the ROC on Continued U. S. Arms Supply. Mr. Aldridge of State's legal division at your request submitted the following judgment separately from the NSSM response:

In general, any U. S. derecognition of the ROC would pose no substantial legal obstacles to continued U. S. arms sales to Taiwan. The problems consequent to derecognition would be minor -- for example, substituting a new agreement or individual sales contract for the 1951 U. S. -ROC Military Assistance Agreement, and possibly amending the Foreign Military Sales Act or reaching some understanding with Congress to allow us to deal with Taiwan as a political entity that we do not formally recognize as a state.

Policy Options

Option 1: Completely cut off access to U. S. equipment, either immediately or gradually over the next three to five years.

-- This approach would be consistent with U. S. -PRC normalization, would increase pressures on the ROC for an accommodation with Peking, and, at the upper range of the option, could ease any

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PRC pressures for an abrupt termination of the U. S. arms supply to Taiwan. On the other hand, it would badly erode ROC confidence, threaten political cohesion on Taiwan and risk acts of desperation. It might accelerate ROC efforts to develop nuclear weapons, could mislead the PRC, and could require U. S. intervention to counter any military attack from the mainland.

Option 2: Freeze ROC access to U.S. arms at current types and levels -- restrict ROC access to spare parts, replacement of items already in its inventory (the F-5E program would be completed and could be extended to replace obsolescent aircraft on a one-for-one basis), and certain improved models made necessary by phase-out of weapons in the U.S. inventory (improved Hawk missiles); and prohibit the supply of new weapons systems to Taiwan.

-- This option would facilitate the normalization process, would sustain a reasonably credible ROC military deterrent for the next few years, and might eventually nudge the ROC toward an accommodation with the PRC. On the other hand, it would tend to erode ROC confidence (though much less than Option 1), would carry some risk to stability on Taiwan, might over time tempt the PRC to threaten military action, and would lower the threshold of U. S. involvement in any such action.

Option 3: Limited ROC access to new weapons:

- At the lower range of this option, permit the ROC access to additional and new weapons which would not be likely to provoke the PRC. ("Provocative" weapons would be those which the PRC might believe would give Taiwan a clear technological superiority or would alter the current relative military balance.) Weapons permitted in the lower range would include additional F-5E aircraft, improved air-to-air missiles, improved air defense command and control systems, high-speed patrol boats (but not hydrofoils), a possibly limited number of Harpoon missiles, and anti-tank missiles.

- The upper range of this option would give greater weight than the lower range to preserving ROC confidence in U. S. intentions and to helping the ROC cope with what it perceives to be growing PRC military capabilities -- even though Peking would regard as provocative some of the weapons systems we would provide. Such weapons would include unlimited numbers of Harpoon missiles, laser-guided bombs, anti-submarine rockets, and C-130H transport aircraft.

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-- Either range of this option should reassure the ROC, cushion further political blows to Taipei, maintain a credible though gradually deteriorating ROC military deterrent, and help inhibit PRC military actions against Taiwan. On the other hand, it could raise doubts in Peking about U. S. intentions toward normalization (particularly at the upper range of this option), would risk misunderstandings with the PRC upon weapons deliveries two or three years hence, and could, at the upper range, strain the ROC economy.

Option 4: Allow Substantial ROC Access to new Weapons -- permitting Taipei access to a broad range of new weapons systems (a large number of laser-guided bombs as well as F-16 or F-17 aircraft).

-- This option would minimize the risk to confidence on Taiwan and could reduce direct U.S. involvement in Taiwan's security. On the other hand, it would obstruct normalization, reduce the political deterrent against a possible PRC attack (since Peking would be less concerned about straining U.S. -PRC relations), mislead the ROC as to U.S. intentions, and strain the ROC economy.

Departmental Views

-- State favors Option 3, in its lower range.

-- Defense also chooses Option 3, but in its upper range.

-- CIA takes no formal position on the options, but believes in general that Option 2 or 3, or some combination of these, is the most realistic means to maintain our relationships both with the PRC and the ROC and to preserve stability on Taiwan.

Our Views

We agree with State's preference for Option 3 in its lower range -- that the U. S. supply Taiwan with additional new weapons which are not likely to provoke Peking. This option deals best with the two horns of our China policy dilemma:

-- It would permit the ROC to maintain a reasonably credible deterrent, both for its psychological value to Taiwan and for its restraining effect on Peking. President Chiang's death and our Indochina setback make it advisable to avoid, for the immediate future, actions that would seriously undermine ROC confidence. Option 2, by contrast, would be too restrictive in terms of these objectives and would entail a substantial deterioration in Taiwan's relative defense capabilities in two to three years.

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-- This option would demonstrate a U.S. sensitivity to Peking's legitimate concern that we not give Taiwan weapons that are clearly offensive in nature or highly advanced and sophisticated. (We assume, however, that if you decided to negotiate a normalization agreement with Peking, one element could be some understanding -- even if tacit -- about the future level of U.S. military sales to the island.)

We also believe that the general nature of the guidance provided by this option, though helping to provide some useful guidance for the bureaucracy, will still require us to deal on a case-by-case basis with a number of sensitive weapon systems that the ROC might request. This is partly because of the necessarily broad language of the options and because judgments about the political-security context will change from time to time. For example, we might well at some point want to consider providing some more sophisticated weapon systems allowed under DOD's preferred option (the upper range of Option 3). However, the general guideline we suggest would give sufficient flexibility to consider such weapon systems.

SPECIFIC DECISIONS ON WEAPONS FOR THE ROC

There are six specific decisions we need to make soon regarding ROC weapons requests. Two additional decisions should be deferred until we get further information.

The six specific decisions, which can generally be comprehended under our guidelines but which you may wish to look at, are as follows:

(1) Let the ROC add an additional 20 F-5E's to the co-production plan for the 100 that have already been agreed. This is the most urgent of the ROC requests because the ROC must inform Northrop of its intentions by June 1 or forfeit most of a \$1 million deposit. The ROC would not require any U.S. aid to produce the additional 20 aircraft, and we would not recommend giving it. It would, however, regard this as the first installment of its plan to produce an additional 100 F-5's to replace obsolescing aircraft. Our embassy in Taipei strongly recommends approving the additional F-5E's; USLO expresses serious reservations. State and DOD favor approval. We believe it would be consistent with Option 3 in the lower range, which is our general recommendation on providing military equipment to the ROC.

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(2) Three T-28C trainer aircraft (reciprocating engine), which would be additive to the ROC inventory. This would be consistent with Option 3 in its lower range.

(3) Upgrade the AIM-9B to AIM-9J (Sidewinder) air-to-air missiles. The older model is not supportable from U.S. production much longer. The newer version can be used against fighters as well as bombers in close air combat, and therefore would add somewhat to ROC air defense capability. This would be consistent with Option 3 in its lower range.

(4) Four S2E anti-submarine warfare aircraft, which would be numerically additive to those in the ROC inventory. This would be consistent with Option 3 in its lower range.

(5) Two ocean-going minesweepers. These will replace three of the 14 minesweepers which the ROC now has. Since the ROC's present minesweepers are coastal vessels, these two ocean-going minesweepers would add somewhat to ROC naval defense capabilities. This would be consistent with Option 3, in its lower range.

(6) 960 TOW missiles, which are crew-served infantry weapons for use against tanks and heavy fortifications. These would be new weapons in the ROC's inventory, but are not generally regarded as highly sophisticated weapons. This would be consistent with Option 3, in its lower range.

RECOMMENDATION:

1. That you sign the memorandum to the President at Tab I.
2. That you authorize us, if the President approves the recommendations incorporated in the memorandum, to inform the bureaucracy that the six specific weapons request are approved.

Approve _____ Disapprove _____

W. R.  Chrysler concurs.

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